

New law provides for deep pool units to be established by the commissioner of conservation upon application by any interested party. Provides that any well drilled to a depth greater than 15,000 ft. prior to June 1, 1999, may be included in a subsequently formed deep well unit, reservoir-wide unit, or field-wide unit only on a surface acreage basis and only if all the acres attributable to the well by a prior unit order are included in the new unit order.

The order creating a deep pool unit will only be issued after a public hearing where the following has been determined: (1) order is reasonably necessary for prevention of waste; (2) unit is economically feasible; (3) geologic top of the deep pool was encountered below 15,000 vertical feet; (4) sufficient evidence exists to reasonably establish the limits of the deep pool; and (5) the plan of development is reasonable.

New law provides that no order shall be issued by the commissioner unless all interested parties have been given a reasonable opportunity to review the data submitted, including seismic data.

New law provides that the production and cost for the tracts within the unit will be allocated on a surface acreage basis. In absence of an agreement otherwise the allocation of costs of capital investment will be shared on a like basis. For those who have not consented to the unitization, costs will be realized only from their share of production. If a dispute arises as to the calculation of the costs, the commissioner will determine the costs after notice and hearing.

New law provides that after notice, hearing, and the taking of geological and engineering evidence, the commissioner may create, modify, or dissolve any unit. The commissioner is authorized to issue rules and regulations to carry out new law, and his authority to authorize alternate unit wells shall not be limited by new law.

Effective August 15, 1999.

(Adds R.S. 30:5.1)